

THE COMMONWEALTH OF MASSACHUSETTS
COMMISSION AGAINST DISCRIMINATION
ONE ASHBURTON PLACE, BOSTON, MA 02108-1518



Mitt Romney
Governor

Kerry Healey
Lieutenant Governor

Eric A. Kriss
Secretary
Michelle Thompson
58 Broad Street
Nashua, NH 03063

August 13, 2004 – CERTIFIED MAIL

Dorca I. Gómez
Chairwoman

Walter J. Sullivan, Jr.
Commissioner

Cynthia A. Tucker
Commissioner

**RE: Your gender/pregnancy discrimination complaint
(Thompson v. Blockbuster, Inc. and Jay Wells, MCAD docket # 03BEM00990)**

REQUEST FOR REBUTTAL

Dear Ms. Thompson:

I am writing to inform you that I have reviewed the case file for your Complaint, recently re-assigned to me for investigation on behalf of the Commission. I am attaching a copy of the Position Statement submitted by the attorneys for Blockbuster, Inc. in response to this Complaint, originally received by the Commission on June 26, 2003, in case you don't already have it.

I am hereby requesting that you submit a written Rebuttal to said Position Statement as soon as possible, preferably within ***fourteen (14) days of receiving this Notice***. Your rebuttal should articulate, as clearly and concisely as possible, why you believe that Blockbuster's response is false or otherwise misleading. You are not legally required to submit a Rebuttal. However, such submission would greatly assist the Commission in gaining a clearer understanding of the issues involved in this Complaint.

Pursuant to the Commission's Rules of Procedure, you, as the Complainant, bear the burden of identifying/submitting relevant information and/or witnesses to prove that (1) you were fulfilling the normal requirements of your job, (2) you were terminated, (3) there are/were other, male and/or non-pregnant female workers in similar jobs with similar wages and similar work records, who were not terminated, and who were treated significantly different or better than you were by Blockbuster's management, and (4) you can produce evidence or arguments to lead a reasonable fact-finder to believe that Blockbuster's articulated non-discriminatory business reasons for terminating you were in fact pretext for illegal discrimination, and that but for your gender and pregnancy, you would not have been terminated.

If you have any further questions, or require more time to submit your Rebuttal, you may call the Commission's main office at (617) 994-6000, and then dial my extension, 26090. If I am not at my desk, please leave me a voicemail.

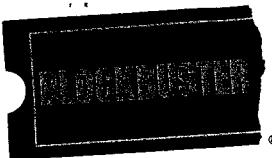
Sincerely,

Nickolas M. Connery,
Field Representative

Enclosures: (1) Position Statement of Blockbuster, Inc. (2) Notarized affirmations from Jay Wells, Named Respondent, and Beth Neybert, MA Region Human Resource Manager, representing Corporate Respondent, (3) Supporting evidence, Exhibits A-J.

CC (w/ enc): James G. Gilbert, Esq.
Law Offices of James G. Gilbert
15 Front Street
Salem, MA 01970





June 24, 2003

RECEIVED

Commission Against
Discrimination
Boston Office

Sunila Thomas-George, Esq.
Massachusetts Commission Against Discrimination
One Ashburton Place
Boston, Massachusetts 02108

Re: Michelle Thompson v. Blockbuster Inc. and Jay Wells
EEOC Charge Number : 16CA301464
MCAD Docket Number : 03BEM00990

Dear Ms. Thomas-George:

Please accept this Position Statement in response to the above-referenced charge of discrimination filed by Michelle Thompson. Blockbuster Inc. ("Blockbuster" or "the Company") denies that Ms. Thompson was terminated due to her gender or pregnancy. Rather, as will be explained below, Ms. Thompson was terminated as a result of her violation of Blockbuster's Zero Tolerance for Harassment/Discrimination/Inappropriate Behavior policy.¹ (Ex. A).

¹ By filing this Statement of Position, Blockbuster does not waive any of the legal defenses it may have to the charge. For example, as the specific facts of the charge are uncovered, the Company may raise jurisdictional or procedural defenses as a complete or partial defense to the charge. Additionally, if a fact-finding conference is held on the charge, Blockbuster may wish to rely upon additional facts and materials not set forth in this Statement of Position. Blockbuster also reserves the right to supplement its Statement of Position to respond to additional facts or other matters as the circumstances may deem appropriate. Finally, Blockbuster states that since it has not had an opportunity to discover the full scope of the Charging Party's allegations, it has not been able to discover all of the facts surrounding each of the Charging Party's allegations; thus, Blockbuster reserves the right to supplement, modify, or withdraw any statements, oral or written, provided to the agency. While reserving such right, however, Blockbuster is under no obligation to supplement information or statements provided to the agency.

Blockbuster considers this response to be confidential commercial information pursuant to the nondisclosure rules under Title VII of the 1964 Civil Rights Act (56 FR 29577). See Section 706(b) of Title VII of the 1964 Civil Rights Act, as amended; *Olitsky v. Spencer Gifts, Inc.*, 842 F.2d 123 (5th Cir. 1988). Consequently, it requests that, in the event of a request for disclosure of any part of this response, proper identification of the request be given to, and written approval be obtained from the Company pursuant to applicable laws. Such notice will permit Blockbuster to seek appropriate administrative or judicial review of a determination to release any data contained in this Statement of Position. Upon being notified of such a request, Blockbuster will state whether it has any objections to the release of the information. Blockbuster further considers any oral statements made to the agency by the Company to also be confidential and states that such statements will only be made under that express understanding.

STATEMENT OF POSITION

I. Background

Ms. Thompson was hired as a Customer Service Representative (“CSR”) on August 20, 1996. She was promoted several times during the course of her employment, and ultimately became a District Leader (“DL”) on March 12, 2001. (Ex. B). Jay Wells, Region Director of Operations (“RDO”) made the decision to promote Ms. Thompson to DL and was her supervisor until her termination. As a DL, Ms. Thompson was responsible for managing a district consisting of approximately 10 stores, supervising the Store Managers (“SM”) in her district, and overseeing the training and performance of all employees in the district. (Ex. C). She was also responsible for ensuring that all employees in the district were trained on Blockbuster’s policies, including no harassment and professional conduct. As the primary management contact for all employees in the district, DLs are held to a very high standard of professional conduct and expected to not only enforce Blockbuster policies but model the standard of behavior. Ms. Thompson’s employment was terminated on October 14, 2002 by RDO Wells for violation of the Zero Tolerance for Harassment/Discrimination/Inappropriate Behavior policy. (Ex. A).

II. Ms. Thompson Was Terminated For Legitimate Non-Discriminatory Reasons.

In August 2002 Ms. Thompson hosted a barbecue/Monthly Operational Review meeting at her home for the SMs and a District Leader in Training (“DLIT”) under her supervision. Sometime during that event, and with several of her direct reports present, Ms. Thompson made a highly inappropriate and potentially harassing or discriminatory comment about the sexual orientation of a former SM and other current employee(s) in the district. According to the witnesses, Ms. Thompson said something like “I’m glad the queer in North Andover left the company and I hope to get rid of the remaining one(s) soon.” In addition, she also made a disparaging comment about the appearance of another Assistant Store Manager (“ASM”) in the district. At least six employees confirmed that Ms. Thompson made these comments about employees in her district.

Given Ms. Thompson’s position as their supervisor, none of the employees present raised a complaint to RDO Wells or human resources about the comments. However, one of the SMs present resigned suddenly and for no apparent reason. As this SM had been a very good employee and his resignation had been so abrupt, RDO Wells and Region Human Resource Manager (“RHRM”) Beth Neybert called him to inquire about his resignation. It was only then that the comments made by Ms. Thompson were disclosed. As a result, RHRM Neybert began conducting an investigation into the alleged comments and was advised that at least six managers had been present when the comments were made. Four employees directly spoken to by RHRM Neybert confirmed that Ms. Thompson had made the comments, including the DLIT. In addition, the DLIT indicated that she had personally spoken to a fifth SM who had been very upset about the comments.² Based on

² Subsequent to receipt of this claim, RHRM Neybert spoke to a sixth SM who also confirmed the comments made by Ms. Thompson.

this confirmation by several employees, RHRM Neybert concluded that substantial evidence existed that Ms. Thompson had in fact made inappropriate comments about the sexual orientation and appearance of other employees in the district. Although Ms. Thompson denied the comments, she did not offer any explanation for why several of her managers independently confirmed that the comments were made. As a result of the investigation, RDO Wells made the decision to terminate Ms. Thompson's employment for violation of the Zero Tolerance for Harassment/Discrimination/Inappropriate Behavior policy. (Ex. A). Although Ms. Thompson had been a good performer and had no prior history of corrective action, the egregious and potentially discriminatory nature of the comments, as well as Ms. Thompson's position of authority as a DL, led RDO Wells to conclude that immediate termination was appropriate. Area Senior Vice President Jeff Martin and Area Human Resource Director Stephen Mills also approved the termination.

Blockbuster's Zero Tolerance for Harassment/Discrimination/Inappropriate Behavior policy is contained in the Employee Handbook, which is provided to all employees at the time of hire, and in the Standard Operating Procedures Manual, which is maintained in each store. (Exhibit D). A shorter form of the policy is also recirculated to employees periodically and Ms. Thompson acknowledged receipt of the policy on June 7, 2000. (Exhibit E). In addition, all DLs and above reviewed and attended training on Blockbuster's Business Conduct Statement in 2002, which includes a section prohibiting harassment based on any protected characteristic including sexual orientation. Ms. Thompson acknowledged her receipt, understanding, and agreement to the Business Conduct Statement on July 26, 2002. (Ex. F). Therefore, Ms. Thompson was well aware of Blockbuster's policy and the extensive effort made by Blockbuster to prevent any type of harassment or discrimination. Furthermore, Blockbuster's Progressive Corrective Action policy, also found in the Employee Handbook and Standard Operating Procedures Manual, clearly states that violation of the Zero Tolerance for Harassment/Discrimination/Inappropriate Behavior policy is a Class A – Gross Violation warranting immediate termination. (Ex. G). Consequently, Ms. Thompson's termination was clearly warranted and based on a legitimate business reason.

Blockbuster conducted a thorough investigation into the alleged comments and reasonably concluded that Ms. Thompson had in fact made the comments in violation of company policy. A total of six managers independently confirmed that the comments were made and Blockbuster had no reason to suspect that any of these witnesses were not being truthful. Courts have repeatedly held that in order to prove that a company's actions were motivated by discriminatory reasons, "the plaintiff must 'create an issue as to whether the employer honestly believes in the reasons it offers, not whether [the employer] made a bad decision.'" *Greenslade v. Chicago Sun-Times*, 112 F.3d 853, 865 (7th Cir. 1997). At best Ms. Thompson is asserting that Blockbuster's decision was incorrect or unfair, but she has presented no evidence or reason to believe that Blockbuster did not honestly believe that she had made the inappropriate comments and terminated her for this reason. Therefore, Ms. Thompson's termination was clearly reasonable and in no way based on her gender or pregnancy.

III. Similarly Situated Male Employees Have Been Treated The Same.

Ms. Thompson alleges in her charge that other male employees have not been terminated for similar misconduct. However, Ms. Thompson does not identify anyone in particular and does not even allege that these other employees were similarly situated. In order to be a relevant comparison to show discrimination, employees must be similarly situated to Ms. Thompson "in all relevant aspects". *Byrd v. Ronayne*, 61 F.3d 1026, 1032 (1st Cir. 1995) (citations omitted). Accordingly, Ms. Thompson must show that she was similarly situated to other employees "in terms of performance, qualifications and conduct, 'without such differentiating or mitigating circumstances that would distinguish' their situations." *Id; Matthews v. Ocean Spray Cranberries, Inc.*, 426 Mass. 122, 130, 686 N.E.2d 1303 (1997). Lower level employees or employees in different job positions are not similarly situated. *Clinton v. Beverly Enterprises – Massachusetts, Inc.*, 1998 Mass. Super. LEXIS 349 (1998). In the present case, DLs are certainly held to a higher standard of performance and professional behavior than lower level store employees. Therefore, only other DLs in the region are similarly situated to Ms. Thompson for purposes of comparison. Blockbuster is only aware of two other DLs in the Region who were alleged to have engaged in unprofessional behavior or any type of harassment or discrimination.

Derek Sammataro was a male DL in the region who was also terminated for violation of the Zero Tolerance for Harassment/Discrimination/Inappropriate Behavior policy. (Ex. H). One of Mr. Sammataro's SMs alleged that he made a sexual comment to him regarding another female employee in the district. Similar to Ms. Thompson, Mr. Sammataro denied making the comment, but based its investigation Blockbuster reasonably concluded that the comment was made and terminated his employment. In fact, even less evidence existed to substantiate Mr. Sammataro's conduct as there were no other witnesses to the alleged comment; while six witnesses confirmed the conduct of Ms. Thompson. Thus, a male DL in the region was found to have engaged in a very similar policy violation as Ms. Thompson and was likewise terminated even though he denied the allegations. The only other DL in the region alleged to have engaged in unprofessional conduct was Duane Densmore, who was given a final warning and demoted on August 5, 2002 due to poor performance and general unprofessional conduct. (Ex. I). However, his conduct did not involve any type of discriminatory or harassing comments based on a protected characteristic, but rather more general unprofessionalism in threatening his subordinates regarding a performance plan he had been given and advising them to ignore company training materials. While certainly inappropriate, Mr. Densmore's conduct was not as egregious as Ms. Thompson's or Mr. Sammataro's and he is not similarly situated. Blockbuster is not aware of any other DLs in the region who have engaged in similar misconduct as Ms. Thompson but were not terminated.

IV. There Is No Evidence of Gender Discrimination.

Ms. Thompson offers absolutely no evidence to support her allegation that she was terminated due to her gender, other than the simple fact that she was female and pregnant at the time of her termination. Given the legitimate reason for her termination, and the

similar treatment of a male DL who engaged in similar misconduct, it is clear that gender played no role in Ms. Thompson's termination. Furthermore, RDO Wells was the one who promoted Ms. Thompson to DL the previous year and also made the decision to terminate her employment. According to the same actor defense, if a person who terminates an employee is the same person that hired (or promoted) the employee, with knowledge of the protected characteristic, it is illogical to believe that the firing was motivated by discrimination. *Ralkin v. New York City Transit Authority*, 62 F.Supp.2d 989 (E.D.N.Y. 1999); *Proud v. Stone*, 945 F.2d 796, 798 (4th Cir. 1991). Therefore, it is highly unlikely that RDO Wells would have promoted Ms. Thompson to DL with full knowledge of her gender only to terminate her based on gender the following year. Finally, there were three female and seven male DLs in the region at the time of Ms. Thompson's termination and there are currently two female and six male DLs in the region. Thus, the mix of male and female DLs in the region has not changed. Subsequent to Ms. Thompson's termination, a female DLIT was promoted to DL by RDO Wells and another female DL employed at the time of Ms. Thompson's termination remains employed currently. Consequently, it is clear that Blockbuster and RDO Wells do not make employment decisions on the basis of gender and did not discriminate against Ms. Thompson due to her gender.

V. No Claim For Retaliation Can Be Raised.

Ms. Thompson's charge appears to attempt to raise a claim for retaliation, but she has not even asserted any facts to support such a claim. In order to establish a claim for retaliation, Ms. Thompson must first show that she engaged in some protected activity, such as filing a charge of discrimination, assisting another employee in filing a charge of discrimination, or opposing an unlawful discriminatory employment practice. Ms. Thompson must then show that Blockbuster and RDO Wells took adverse employment action against her because of that protected activity. In this case, Ms. Thompson never raised any complaint of alleged discrimination, assisted any other employee in a complaint of discrimination, or in any way asserted that Blockbuster had engaged in any unlawful employment practice. Even at the time of her termination, Ms. Thompson did not assert that she was being discriminated against due to her gender or pregnancy. It was not until Blockbuster received an attorney demand letter after her termination that Ms. Thompson first raised any complaint of alleged discrimination. Therefore, Ms. Thompson clearly did not engage in any protected activity during her employment, and without any protected activity she has no basis for a claim of retaliation.

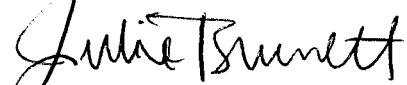
V. Conclusion

In conclusion, Ms. Thompson's gender and pregnancy were not the basis for her termination, but rather her own egregious misconduct in making potentially discriminatory and harassing comments about other employees in her district. Blockbuster conducted a thorough investigation into the matter and based on the confirmation of several witnesses, reasonably concluded that Ms. Thompson had made the comments and that termination was warranted. Blockbuster subscribes to the policy that all employment decisions are made without consideration of any protected

characteristic and makes every effort to avoid any type of unlawful harassment or discrimination. (Ex. J). As a DL, Ms. Thompson was held to a very high standard of professional conduct and engaged in an egregious violation of company policy in front of several of her subordinates. Ironically, Ms. Thompson now accuses Blockbuster of discriminating against her when it was she who was terminated for violation of Blockbuster's policies against harassment and discrimination. Another similarly situated male employee in the region was terminated for similar reasons and Blockbuster is not aware of any similarly situated DL in the region who engaged in similar misconduct but was not terminated. Ms. Thompson does not offer any evidence of discrimination other than the simple fact that she was female and pregnant, and her assertion that Blockbuster was erroneous in its determination that she engaged in the misconduct. This is not sufficient to raise a claim for discrimination. Finally, Ms. Thompson did not engage in any protected activity to support her claim for retaliation.

Based on these facts, Blockbuster and Jay Wells request that a no cause finding be entered and this charge be dismissed in its entirety. Respondents state that counsel for both parties engaged in significant discussions and exchange of information prior to the filing of this charge and therefore request that at least a preliminary finding on the merits of the charge be made prior to issuing a discovery order. Please contact me at 214-854-3170 if you have any questions or require further information.

Sincerely,



Julie S. Brunett
Senior Corporate Counsel
Labor and Employment

Enclosures

cc: Donna Zils Banfield
 150 Westford Road
 Suite 26
 Tyngsboro, MA 01879-2513

Exhibit A

BLOCKBUSTERCatherine**Employee Separation Form**

This form must be used to remove an employee from payroll due to resignation or termination.
Do not use this form for any other payroll requests.

Revised January 2000

Last Name (Please Print) Thompson	First Name Michelle	Middle Initial L	Social Security Number (required) 089-54-3129
Deposited and DC Employee	Cost Center 84212	Location Woburn MA	Division/Department Name
Print Initiatives	Phone # 84212	City State Woburn MA	Zone NE
			Region N07

Voluntary Resignation - requires level 1 approval below

Separation Date (mm/yy)	Separation Code (see back of form)	Recommended for Rehire? <input type="checkbox"/> Yes <input type="checkbox"/> No (explain in "Comments" section)	Forwarding Address Given? <input type="checkbox"/> Yes (Indicate in "Comments" section) <input type="checkbox"/> No	Vacation Days Earned (Regular and Carry-over)	Vacation Days Used
-------------------------	---------------------------------------	--	---	--	--------------------

Attention Supervisor: You should attach a letter of resignation from this employee. Was this done? No Yes

Involuntary Discharge - requires level 1, 2, 3 approval below

Separation Date (mm/yy)	Separation Code (see back of form)	Recommended for Rehire? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (explain in "Comments" section)	Forwarding Address Given? <input type="checkbox"/> Yes (Indicate in "Comments" section) <input checked="" type="checkbox"/> No	Vacation Days Earned (Regular and Carry-over)	Vacation Days Used
-------------------------	---------------------------------------	---	--	--	--------------------

Please describe the employee's behavior or performance that supports your decision to terminate. (attach additional sheets if needed)

Violation of Zero Tolerance Policy "
Result of Unfair investigation

Revised February 2003

Has this employee received any previous corrective action(s) for this behavior or performance? No Yes • complete this section and attach related documents

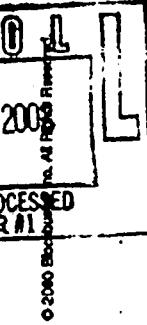
Date (mm/yy)	Type of corrective action (check one)	Summary
_____	<input type="checkbox"/> verbal <input type="checkbox"/> written <input type="checkbox"/> final written	_____
_____	<input type="checkbox"/> verbal <input type="checkbox"/> written <input type="checkbox"/> final written	_____
_____	<input type="checkbox"/> verbal <input type="checkbox"/> written <input type="checkbox"/> final written	_____

Has there been any other discussions or actions taken for behavior or performance problems? No Yes • complete this section and attach related documents

Date (mm/yy)	Summary
_____	50 hrs 2nd wk Per Beth Neybert

Attention Supervisor: This involuntary discharge must be reviewed in advance by your Immediate Manager and Human Resources Manager. Indicate who reviewed your decision here:

Beth Neybert **10/14/02** **Jay Wells** **10/14/02**

**Comments**

PAY 40hr w/e 10/12 4hrs w/e 10/19	2 days earned caused vacation	OCT 14 2002
--	--------------------------------------	--------------------

Level 1 Approved J. Wells	Print Name J. Wells	Date 10/14/02
Level 2 Approved J. Wells	Print Name J. Wells	Date 10/14/02
Level 3 Approved B. Neybert	Print Name B. Neybert	Date 10/14/02

© 2000 Blockbuster Inc.

Original - Payroll Department (address on back)

Yellow - HR Manager

Blue - P.E.Harrington, Inc. (address on back)

Pink - Immediate Supervisor

922 P03/03 OCT 14 '02 10:17

+7819330870 BLOCKBUSTER NE 2

242037

Received at: 11h 04m, 10/14/2002

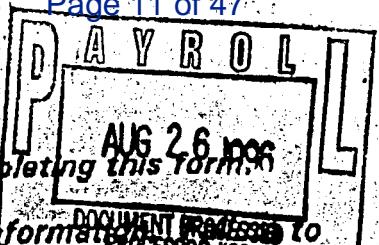
Exhibit B

Employee Profile

Note: Please read your Employee Handbook before completing this form.

Instructions to Supervisor - Fill in all boxes with complete information. Incomplete information may result in a delay in processing the New Employment Application.

For New Employee Use		For Supervisor Use Only							
<p>Social Security Number:</p> <p>029 54 3229</p>		<p>Home Cost Center/Store Number:</p> <p>25003</p>							
<p>Full Legal Name: Last Name, First Name, Middle Initial</p> <p>Eoy Michelle</p>		<p>Annual Salary (Exempt Position Only)</p> <p>51</p>							
<p>Employee Street Address:</p> <p>23 East 80m Ave</p>		<p>Hire Date</p> <p>05/20/96</p>							
<p>City, State, ZIP:</p> <p>Quincy MA 02170</p>		<p>Hourly Rate (Non-Exempt Position Only)</p> <p>5.1</p>							
<p>Emergency Contact: Name</p> <p>Rol Eoy</p>		<p>Re-Hire</p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>							
<p>Emergency Contact Address:</p> <p>524 Barnes Rd Plymouth MA 02310</p>		<p>Shift Type (HQ and Distribution Use Only)</p> <p><input type="checkbox"/> 1st Shift <input type="checkbox"/> 3rd Shift <input type="checkbox"/> 2nd Shift</p>							
<p>Home Phone Number:</p> <p>508 (617) 759-6078</p>		<p>Job Code (6 digit code)</p> <p>CSY</p>							
<p>Emergency Number:</p> <p>(617) 635-6000</p>		<p>Supervisor's Full Name</p> <p>TIM Thompson</p>							
<p>Marital Status:</p> <p><input type="checkbox"/> Single <input checked="" type="checkbox"/> Married</p>		<p>Gender:</p> <p><input type="checkbox"/> Male <input type="checkbox"/> Female</p>							
<p>US Vietnam Era:</p> <p><input type="checkbox"/> Veteran <input type="checkbox"/> Disabled Veteran</p>									
<p>EEO 1 Code for Reporting Purposes Only (Please Check Corresponding Box)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;"> <input checked="" type="checkbox"/> White/Non-Hispanic</td> <td style="width: 50%;"> <input type="checkbox"/> Oriental/Asian (04) </td> </tr> <tr> <td><input type="checkbox"/> Black (02)</td> <td><input type="checkbox"/> American Indian/Alaskan Native (08)</td> </tr> <tr> <td><input type="checkbox"/> Hispanic (03)</td> <td></td> </tr> </table>				<input checked="" type="checkbox"/> White/Non-Hispanic	<input type="checkbox"/> Oriental/Asian (04)	<input type="checkbox"/> Black (02)	<input type="checkbox"/> American Indian/Alaskan Native (08)	<input type="checkbox"/> Hispanic (03)	
<input checked="" type="checkbox"/> White/Non-Hispanic	<input type="checkbox"/> Oriental/Asian (04)								
<input type="checkbox"/> Black (02)	<input type="checkbox"/> American Indian/Alaskan Native (08)								
<input type="checkbox"/> Hispanic (03)									
<p>Recruiting Source (How did the employee hear of the job opening?)</p> <p><input type="checkbox"/> Advertising <input type="checkbox"/> Job Fair</p> <p><input type="checkbox"/> Referral <input type="checkbox"/> Walk-In</p> <p><input type="checkbox"/> Employment Agency <input type="checkbox"/> Contractor on Assignment</p> <p><input type="checkbox"/> Temporary Service</p>									
<p>My signature below acknowledges that I have completed the New Employee Documentation and have received, reviewed and understand the information contained in the Employee Handbook. In addition, I understand that all employees are employed at the will of Blockbuster and are subject to termination at any time, for any reason, with or without cause or notice. As a Blockbuster employee, I am also free to terminate my employment at any time and for any reason.</p>		<p>Date:</p> <p>8/20/96</p>							
<p>Employee Signature:</p> <p>Michele Eoy</p>									
<p>My signature below acknowledges that I am authorized to hire the employee listed above and have assisted them in the completion of this New Employee Documentation.</p>									
<p>Supervisor or H.R. Representative's Signature:</p> <p>[Signature]</p>		<p>Date:</p> <p>8/20/96</p>							



BLOCKBUSTER

RECEIVED

Payroll Action Form (PAF)

2001 MAR 13 AM 11:30 This form must be used to request payroll changes for current employees only.
 Do not use this form for employee hires/rehires, employee resignations/terminations or leaves of absence.

Last Name (Please Print) THOMPSON	First Name Michelle	Middle Initial	Social Security Number (required) 029-54-3129
Corporate and DC Employees	Cost Center 84212	Location	Division/Department Name
Field Employees	Store # 84212	City, State Woburn, MA	Zone E7 Region

Personal Change - requires level 1 approval below

- Change Name (Indicate in "Comments" section below)
Attach a photocopy of social security card - name must match.
- Change Marital Status to:
 Single Married
Attach a revised W-4 form in order to change current tax withholding.
- Change Address (Indicate in "Comments" section below)
Include street address, city, county, state and zip code
- Change Phone Number (Indicate in "Comments" section below)
Include area code + home phone number

Paid Absences (Salaried) - requires level 1 approval below

Type of Absence

- Vacation
- Sick
- Personal Holiday
- Bereavement
- Jury Duty
- Other (Indicate in "Comments" section below)

Attention Supervisor: Use this section to record paid absences for **salaried** employees. Hourly employees should record these absences on weekly time sheets or the POS system.

Date(s) to be Paid

--

Position Change - requires level 1, 2, and 3 approval below

Current	Job Code	Job Title Aud. tor
Grade	<input type="checkbox"/> Full Time <input type="checkbox"/> Part Time	<input type="checkbox"/> Seasonal <input type="checkbox"/> Temporary <input type="checkbox"/> Salaried <input type="checkbox"/> Hourly
New	Job Code V1005	Job Title District LEADER
Grade	<input type="checkbox"/> Full Time <input type="checkbox"/> Part Time	<input type="checkbox"/> Seasonal <input type="checkbox"/> Temporary <input type="checkbox"/> Salaried <input type="checkbox"/> Hourly

Effective Date of Change

Month / Day / Year

3/12/01

Reason for Change

- Transfer
- Promotion
- Change in FT/PT status (same job)
- Demotion
- Other
(explain in "Comments" section below)

Attention Supervisor: If your PT employee becomes FT, or your FT employee becomes PT, you must provide a "Your Benefits Enrollment Made Simple" brochure.

Was this done?

- Yes
- No
- N/A - No change in status

(Procedures can be ordered from DC):
FT Brochure Part #655867
PT Brochure Part #63968

Cost Center Change - requires level 1, 2, and 3 approval below

Current	Cost Center/Store # 84212	Department/Location REGIONAL
City, State	Supervisor's Name Woburn, MA M. Theriault	
New	Cost Center/Store # 84212	Department/Location OPS
City, State	Supervisor's Name Woburn, MA J. Wells	
Effective Date of Change		
Month / Day / Year 3/12/01		

Pay Change - requires level 1, 2, and 3 approval below

Current	\$ 53,000	Reason for Change
	30,000 now	<input type="checkbox"/> Promotion <input type="checkbox"/> Other Pay Adjustment (explain in "Comments" section below)
New	\$ 	<input type="checkbox"/> per hour <input type="checkbox"/> per year
		<input type="checkbox"/> % Change in Pay %
Effective Date of Change		
Month / Day / Year		

Comments

REASON FOR PAY CHANGE
IMMEDIATE SUPERVISOR'S APPROVAL
IMMEDIATE SUPERVISOR'S MANAGER APPROVAL
HUMAN RESOURCES APPROVAL

DATE
MAR 19 2001
DOCUMENT PROCESSED
PROCESSOR #1

Level 1 approval
Level 2 approval
Level 3 approval

Immediate Supervisor	Print Name
Immediate Supervisor's Manager	Print Name
Human Resources Manager	Print Name

Nancy O'Connell **Nancy O'Connell** **3/12/01**

Exhibit C

Job Description:	District Leader
Functional Area:	District
Job Code:	
Grade:	
FLSA:	Exempt
Date:	November 5, 2001

General Summary

Responsible (or Accountable) for driving district-wide business results through the effective coaching of store managers in the key areas of managing expenses, store experience, marketing execution, and developing people.

Also responsible for providing communication between the district and appropriate Blockbuster leadership regarding business initiatives, company sales, service, performance standards, and goals.

Part I : Job Functions

Managing Expenses

1. Analyze stores' financial data and partner with the store managers to take action to maximize revenues and control costs at or better than budget.
2. Maintain an awareness of external factors (i.e. competitive environment) that may contribute to store profitability and communicate with corporate.
3. Ensure that labor management tools are effectively understood and implemented and that company, area, region and/or district specific labor targets are achieved to maximize productivity, profitability and margins.
4. Ensure that all loss prevention and shrink procedures are adhered to and that company, area, region, and/or district specific shrink targets are achieved.
5. Ensure that all account maintenance, credit, and bad debt procedures are adhered to and that district specific targets are achieved.

Store Experience

6. Conduct scheduled store visits according to established company guidelines to ensure quality, consistency, and compliance with company policies, procedures, and standards.
7. Support and enforce effective execution of service models and strategies with focus during peak business periods to achieve service standards.
8. Model, promote and reinforce service expectations of both internal and external customers to deliver overall service satisfaction.
9. Ensure a consistent communication cycle is executed at all levels to promote employee effectiveness and success.
10. Ensure quality, consistency, and compliance with company policies, procedures and standards for stores appearance within district.

Developing People

11. Ensure the implementation of Human Resource programs within the district, including the selection, recruitment, training, development and evaluation and retention of qualified store manager candidates.
12. Conduct shrink and employee relations investigations and handle employee issues to ensure compliance with laws and Company policies, as well as safeguard Company assets, involving regional resources as needed.
13. Partner with DTS to ensure training certification is completed prior to advancement.
14. Ensure that direct (and indirect) reports understand their roles and responsibilities by providing training, coaching, developmental assignments, experiences, and resources as needed.
15. Maximize revenue through ensuring store employees and product within district reflect the diversity of the community.

Marketing Execution

16. Direct and support the timely implementation of marketing communication modules and methods for all levels of staffing.
17. Ensure that all marketing and merchandising training programs are supported and certification in all programs is achieved by all employees.
18. Provide a creative environment that stimulates 100% execution of key marketing initiatives in a timely manner.

Other

19. Meet deadlines in a timely and accurate manner.
20. Conduct regular district meetings with store management. Attend meetings in the region, area, and at corporate, as required.
21. Effectively communicate at all levels of the organization.

Part II : Blockbuster Competencies**Competency Profile**

Competency	Stage I	Stage II	Stage III	Stage IV
<i>Key Competencies</i>				
Communication			X	
Customer Service			X	
Integrity & Ethics			X	
Accountability			X	
<i>Core Competencies</i>				
Committed to Making a Difference			X	
Determination & Initiative			X	
Planning			X	
Business Acumen			X	
Gets Business Results			X	
Teamwork			X	
Judgement & Decision Making			X	
Innovation & Risk			X	
<i>Leadership Competencies</i>				
Brings Out the Best in People			X	
Maximizing Organizational Capability			X	
Empowerment			X	

(See Reference Guide)

Part III : Required Skills (to be updated)

- High School diploma or equivalent and 3-5 years management experience preferred or 4 year degree and 2-3 years management experience. Retail sales/customer service experience preferred.
- Multi-unit experience preferred
- Ability to manage others.
- Excellent communication and interpersonal skills
- Microsoft Office products.

Part IV : Physical Requirements (to be updated)

1. Continuous standing required to train, supervise, manage and oversee customer service (use of cash register, stocking upper shelves, and assisting customers on sales floor).
2. Continuous walking required to supervise and train staff and organize store's appearance, travel to back room, to interview applicants or handle money, escort customers, travel to bank.
3. Occasional climbing required to manage and assist with maintenance (use of ladder, etc.).
4. Occasional sitting required to develop work schedules, interview applicants, complete reports and reviews, maintain books, records, utilize computer, and handle cash.
5. Occasional stooping and crouching required to open and close store, remove product from counters, unload boxes, and pick-up films from drop box.
6. Occasional pushing/pulling of up to 100 pounds required to manage the inventory process.
7. Frequent reaching required to pull confidential files, obtain money from safe, hand things to employees and customers, hang signage, and stock shelves .
8. Continuous visual activity required to read computer monitor, interact with subordinates and customers, complete paperwork, read reports and small print on merchandise, prevent loss, and distinguish numbers.
9. Continuous listening required to answer inquiries of employees, customers and telephone calls, handle employee relations issues, respond to theft sensor alarms, and listen and view training tapes.
10. Continuous verbal communication required to convey information and policies to associates and customers, provide feedback to employees with regard to performance, and converse using the telephone.
11. Lifting of up to 50 pounds may required to oversee and assist with receiving shipments, moving stock, and organizing merchandise.
12. Continuous manual dexterity required to complete performance evaluations/disciplinary actions, type reports, operate calculator, handle cash, and assemble displays.

These requirements may be modified to reasonably accommodate individuals with disabilities.

Definitions

Occasional = 20% of time or less

Frequent = 20-50% of time

Continuous = 50% of time or more

Exhibit D

02.26.113

Human Resources Policies

Zero Tolerance For Harassment/ Discrimination/ Inappropriate Behavior

Introduction

Blockbuster is committed to maintaining a safe, harassment and discrimination-free work environment in which employees at all levels of the Company are able to devote their full attention and best efforts to their jobs. Harassment, discrimination or other inappropriate conduct, whether intentional or unintentional, has no place at Blockbuster. All Blockbuster employees are responsible for respecting the rights of their coworkers.

Every member of Blockbuster management is responsible for creating a safe atmosphere free of harassment, sexual or otherwise. Accordingly, the Company does not authorize and will not tolerate any form of harassment, discrimination or other inappropriate conduct by any employee whether supervisory or non-supervisory.

This policy applies with equal force to conduct occurring in, but not limited to the following places:

- Blockbuster store and property.
- Any work-related setting outside the store such as a Blockbuster office, during business trips, business meetings and/or business-related social events.

02.26.114

*Human Resources Policies**Zero Tolerance For
Harassment/
Discrimination/
Inappropriate
Behavior**Stop the Prohibited Conduct*

If a Manager becomes aware of harassment, discrimination or other inappropriate conduct or allegations of such conduct (no matter how small), he or she must take immediate action to stop it. This includes:

- Harassment of, or discrimination or other inappropriate conduct against one employee by another. (employee harassed by employee)
- Harassment of, or discrimination or inappropriate conduct against a customer, vendor or other non-Blockbuster employee by a Blockbuster employee. (non-employee harassed by employee)
- Harassment of, or discrimination or inappropriate conduct against a Blockbuster employee by a customer, vendor or other non-Blockbuster employee. (employee harassed by non-employee)
- Harassment of, or discrimination or inappropriate conduct against a customer, vendor or other non-Blockbuster employee in a Blockbuster store or on Blockbuster property.

If an employee sees harassment, discrimination or other inappropriate conduct occurring, he or she must tell the Manager immediately so the Manager can respond.

Report the Prohibited Conduct

In addition to taking steps to stop the harassment, discrimination or other inappropriate conduct, the Manager must document the situation and report it to the Regional Human Resources Manager and District Leader immediately, whether the Manager directly observes the incident or not.

If the person doing the harassing, discrimination or other inappropriate conduct is a security guard, vendor or other non-Blockbuster employee, the Manager must document the situation and report it to the guard or vendor's supervisor as soon as possible. Reports should also be made to the Regional Human Resources Manager and District Leader.

Note: Failure by a Manager to report an incident of harassment, discrimination or other inappropriate conduct in a timely manner is considered a violation of policy will result in corrective action up to and including termination of the Manager.

02.26.115

Human Resources Policies

Types of Harassment/Discrimination/ Inappropriate Conduct

Blockbuster expressly prohibits any form of employee harassment, discrimination or other inappropriate conduct based on the following:

• Age	• Gender
• Disability	• National origin
• Marital status	• Religion
• Race	• Veteran or Military status
• Sexual orientation	• Any other basis proscribed by applicable law
• Color	

Note: If any employee has a question about whether something is harassment, discrimination or other inappropriate conduct, call the Regional Human Resources Manager. The manager should not make this determination for the employee.

Zero Tolerance For Harassment/ Discrimination/ Inappropriate Behavior

Discrimination

Blockbuster prohibits basing any employment decisions on an individual's age, color, disability, marital status, national origin, race, religion, sex, sexual orientation, veteran status or any other basis prohibited by law, including:

• Recruiting	• Promotions
• Hiring	• Transfers
• Benefits	• Corrective or disciplinary action
• Compensation	• Layoffs
• Work schedule	• Terminations
• Company-sponsored training, education, tuition assistance, social and recreational programs	

02. 26. 116

Human Resources Policies

*Zero Tolerance For
Harassment/
Discrimination/
Inappropriate
Behavior*

Inappropriate Conduct

Blockbuster prohibits:

- Unwelcome verbal or physical conduct of an offensive nature, including where:
 - Such conduct has the purpose or effect of creating an intimidating, hostile or offensive working environment.
 - Submission to such conduct is made, either explicitly or implicitly, a term or condition of employment.
 - Submission to or rejection of such conduct is used as the basis for decisions affecting a person's employment.
- Inappropriate physical conduct such as unwanted touching, impeding or blocking another person's movements or obscene gestures.
- Displaying offensive posters, calendars, magazines, photographs, graffiti, cartoons, or videos regarding race, gender, religion, color, national origin, age, veteran or military status, or disability.
- Offensive verbal or written comments, jokes, innuendoes and/or other statements regarding race, gender, religion, color, national origin, age, veteran or military status, or disability.

02.26.117
Human Resources Policies

Inappropriate Sexual Conduct

Blockbuster also prohibits:

- Asking for dates where it is clear, or becomes clear that the overture is unwelcome.
- Inappropriate physical conduct such as unwanted touching, impeding or blocking another person's movements, leering or sexual gestures.
- Unwelcome sexual advances, requests for sexual favors and all other verbal or physical conduct of a sexual or otherwise offensive nature, including where:
 - Such conduct has the purpose or effect of creating an intimidating, hostile or offensive working environment.
 - Submission to such conduct is made, either explicitly or implicitly, a term or condition of employment.
 - Submission to or rejection of such conduct is used as the basis for decisions affecting a person's employment.
- Threatening or engaging in retaliation after an advance is rejected.
- Displaying sexually offensive or obscene objects, pictures, magazines, cartoons, screen savers, or posters or engaging in inappropriate written conduct of a sexual nature, such as suggestive jokes, cartoons or off-color or obscene letters, notes or invitations transmitted by e-mail or otherwise.
- Offensive verbal or written comments, jokes, innuendoes and other sexually oriented statements.
- Making inappropriate verbal or written statements of a sexual nature, such as comments about an individual's body, appearance or intrusive questions or comments.
- Conduct of an overtly sexual or obscene sexual nature at Company-sponsored parties or events.

**Zero Tolerance For Harassment/
Discrimination/
Inappropriate Behavior**

Types of Sexual Conduct

Examples of the types of sexual conduct expressly prohibited by this policy include, but are not limited to:

- Sexually suggestive touching or gestures
- Grabbing, groping, kissing, fondling
- Suggestive or sexually explicit posters, calendars, photographs, graffiti, cartoons or pornographic videos
- Sexually oriented or explicit remarks or questions, including written or oral references to sexual conduct, gossip regarding one's sex life, body, sexual activities, deficiencies, or prowess
- Sexual favors in return to employment rewards, or threats if sexual favors are not provided

02.26.118

Human Resources Policies***Zero Tolerance For
Harassment/
Discrimination/
Inappropriate
Behavior*****Reporting Options**

There are three reporting options available to an employee who:

- Experiences, observes, or becomes aware of any job-related harassment, discrimination, or inappropriate conduct, no matter how small, based on any of the prohibited factors, or
- Believes that he or she has been treated in a harassing, discriminatory or inappropriate manner.

The three options are:

- Report the incident to his or her supervisor.
- Bypass the immediate supervisor and report the incident directly to the supervisor's supervisor or to the Regional Human Resources Manager if the employee believes it would be inappropriate or awkward to discuss the matter with the direct supervisor.
- Report anonymously by calling the Employee Hotline at 1 - 888 - 441 - WORD (9673).

Note: Whichever option an employee chooses, it is critical that the employee report the incident immediately. Blockbuster will take any complaints of a violation of this policy very seriously. In all cases, Human Resources will conduct a timely investigation of all reports of harassment or discrimination.

Note: Employees who have experienced conduct that they believe is contrary to this policy must promptly take advantage of this reporting procedure, regardless of the offender's identity or position. An employee's failure to use this process could affect his or her legal rights.

A report of harassment, discrimination or other inappropriate conduct will be kept confidential to the maximum extent possible.

- All individuals involved in the investigation phases of this process (other than the management or Human Resources personnel actually doing the fact finding) will be charged with the responsibility of not discussing the situation with any other employee or with the employee reporting the incident.
- All management and Human Resources personnel involved in the process will be charged with the responsibility of not discussing the situation except in the course of their investigations.
- Failure to maintain this confidentiality to the maximum extent possible may result in corrective action up to and including termination.

02. 26. 119

Human Resources PoliciesFirst Option - Tell Your Supervisor

Promptly report the incident to your supervisor unless the supervisor is the subject of the complaint.

All reports of harassment, discrimination, or other inappropriate conduct should immediately be referred by the supervisor to the District Leader and the Regional Human Resources Manager.

If a harassment, discrimination or other inappropriate conduct report is made to an Assistant Store Manager or Shift Leader, the Assistant Store Manager or Shift Leader must immediately inform the Store Manager, the District Leader and Regional Human Resources Manager.

Note: Failure by a Manager to report an incident of harassment, discrimination or other inappropriate conduct in a timely manner is considered a violation of policy which may result in corrective action up to and including termination of the Manager.

Second Option -Tell Your Supervisor's Manager/Human Resources

If you believe that it would be inappropriate or awkward to discuss the matter with your supervisor, you may bypass your supervisor and report it directly to your supervisor's manager or to your Regional Human Resources Manager.

If the supervisor's manager receives the report, he or she will immediately report it to Human Resources.

Third Option - Call Employee Hotline

If you do not feel comfortable with the first two options, you may anonymously report the incident by calling the Employee Hotline at 1 - 888 - 441 - WORD (9673).

**Zero Tolerance For Harassment/
Discrimination/
Inappropriate Behavior**

02.26.120

*Human Resources Policies****Zero Tolerance For
Harassment/
Discrimination/
Inappropriate
Behavior*****Report Response**

No matter how a complaint or allegation is reported, Human Resources will conduct a timely investigation. Reports of harassment, discrimination or other inappropriate conduct will be kept as confidential as possible.

Investigations

The investigation may include individual interviews with the parties involved and, where necessary, with individuals who may have observed the alleged conduct or may have other relevant knowledge.

During the investigation, it is the responsibility of each individual who is contacted to respond truthfully and promptly to all inquiries, and to disclose any information that may be pertinent to the situation.

Note: Withholding pertinent information or attempting to mislead or misdirect any investigation may result in severe disciplinary action, up to and including termination.

Final Outcome

If as a result of the investigation Blockbuster determines that an employee has violated this Zero Tolerance policy, appropriate corrective action, up to and including termination if circumstances warrant, will be taken against the offending employee.

02. 26. 121

Human Resources PoliciesBLOCKBUSTER*Retaliation Strictly Prohibited*

Blockbuster prohibits any form of retaliation against any employee who, in good faith, reports an incident under this policy or assists in a report investigation.

Note: Any employee who engages in, or threatens, retaliatory conduct against another employee will be subject to disciplinary action, up to and including termination.

If you experience retaliation after reporting an incident of harassment, discrimination or other inappropriate conduct or assisting in an investigation of such a report, promptly report the retaliation incident:

- You may report it to your direct supervisor, unless the supervisor is the subject of the complaint. The supervisor will immediately contact the Regional Human Resources Manager.
- If you believe that it would be inappropriate or awkward to discuss the matter with your direct supervisor, you may bypass your supervisor and report it directly to your supervisor's manager or to the Regional Human Resources Manager.
- If you do not feel comfortable with the first two options, you may anonymously report the retaliation incident by calling the Employee Hotline at 1 - 888 - 441 - WORD (9673).

No matter how the retaliation incident is reported:

- Human Resources will conduct a timely investigation.
- Your reporting of the incident will be kept confidential to the maximum extent possible.

**Zero Tolerance For
Harassment/
Discrimination/
Inappropriate
Behavior**

02.26.122

Human Resources Policies

**Zero Tolerance For
Harassment/
Discrimination/
Inappropriate
Behavior**



▲ Related References

- See "Human Resources Policy: Employee Conduct And Working Environment" for general information on the working environment that Blockbuster expects all employees to create and maintain.
- See "Human Resources Policy: Employee Fraternization" for information on Blockbuster's policy about supervisor - employee relationships including ongoing socialization or fraternization, consenting romantic or sexual relationships.
- See "Human Resources Policy: Conflict Resolution" for information on Blockbuster's formal process for handling employee problems, conflicts or complaints.
- See "Human Resources Policy: Open Door" for information on Blockbuster's informal process for handling employee suggestions or problems.

Exhibit E



Zero-Tolerance for Harassment Acknowledgement Form

Zero-Tolerance for Harassment

Blockbuster maintains a policy of "zero-tolerance" with respect to employee harassment. In this connection, Blockbuster expressly prohibits any form of employee harassment based on race, gender, religion, color, national origin, age, veteran status, sexual orientation, marital status, or disability. Improper interference with the ability of Blockbuster's employees to perform their expected job duties is not tolerated.

With respect to inappropriate sexual conduct, Blockbuster prohibits the following:

1. Unwelcome sexual advances, requests for sexual favors, and all other verbal or physical conduct of a sexual or otherwise offensive nature, including where:
 - submission to such conduct is made, either explicitly or implicitly, a term or condition of employment;
 - submission to or rejection of such conduct is used as the basis for decisions affecting a person's employment; or
 - such conduct has the purpose or effect of creating an intimidating, hostile, or offensive working environment.
2. Offensive comments, jokes, innuendoes, and other sexually-oriented statements.

Examples of the types of sexual conduct expressly prohibited by this policy include, but are not limited to, the following:

- Sexually suggestive touching or gestures.
- Grabbing, groping, kissing, fondling.
- Suggestive or sexually-explicit posters, calendars, photographs, graffiti, or cartoons.
- Sexually-oriented or explicit remarks, including written or oral references to sexual conduct, gossip regarding one's sex life, body, sexual activities, deficiencies, or prowess.
- Sexual favors in return for employment rewards, or threats if sexual favors are not provided.

Complaint Procedure

Every member of management is responsible for creating an atmosphere free of harassment, sexual or otherwise. Furthermore, employees are responsible for respecting the rights of their co-workers.

If you experience any job-related harassment based on any of the prohibited factors or believe that you have been treated in an unlawful, discriminatory manner, promptly report the incident to your supervisor, who will take appropriate action, including reporting it to human resources who will undertake an investigation. If you believe it would be inappropriate or awkward to discuss the matter with your supervisor, you may bypass your supervisor and report it directly to your supervisor's supervisor or human resources; in either case, human resources will undertake an investigation. You may also anonymously report the incident by calling the Employee Hotline at 800 441 WORD. Your complaint will be kept confidential to the maximum extent possible.

If Blockbuster determines that an employee has violated this policy, appropriate corrective action will be taken against the offending employee.

Retaliation Prohibited

Blockbuster prohibits any form of retaliation against any employee who, in good faith, reports an incident under this policy or assists in a complaint investigation. If you experience retaliation after complaining of harassment or assisting in a complaint investigation, promptly report the incident to your supervisor, who will take appropriate action, including reporting it to human resources who will undertake an investigation. If you believe it would be inappropriate or awkward to discuss the matter with your supervisor, you may bypass your supervisor and report it directly to your supervisor's supervisor or human resources, in either case, human resources will undertake an investigation. Your complaint will be kept confidential to the maximum extent possible.

I have read and understand the attached Zero-Tolerance for Harassment Policy.

Michelle Eby

Print Name

Michelle Eby

Signature

029-54-3129

Social Security Number

617100

Date

Exhibit F

III. EQUAL EMPLOYMENT OPPORTUNITY

Viacom's Policy

Viacom places a high value on providing equal employment opportunity and maintaining a diverse workforce. We work hard to comply with all applicable laws prohibiting discrimination and we strive to make our workforce reflect the rich diversity of our society and our customers. Viacom recruits and hires without regard to race, color, sex, religion, national origin, ethnicity, age, marital status, sexual orientation, disability, Veteran status or any other basis prohibited by law. We strive to administer all personnel actions such as hiring, compensation, promotions, benefits, transfers, layoffs, company-sponsored training, education, tuition assistance, terminations, social and recreational programs in a consistent manner.

We expect all managers and supervisory personnel to make a personal commitment to practice and enforce the principles of our equal employment opportunity policy.

IV. HARASSMENT-FREE WORKPLACE ENVIRONMENT

Viacom's Policy

Viacom has a "zero tolerance" policy for sexual harassment or harassment based on race, color, religion, veteran's status, gender, marital status, national origin, ethnicity, disability, age, sexual orientation, or any other basis proscribed by applicable law. Discriminatory treatment, including sexual harassment and harassment based on a person's race, age or other protected status, is strictly prohibited.

Unlawful harassment may occur not only as a result of conduct by supervisors, but also due to conduct by fellow employees, and, under some circumstances, conduct by customers, vendors, consultants, visitors and independent contractors. Unlawful harassment can take place in the office or in work-related settings outside the workplace, such as during business trips, business meetings and business-related social events. This Statement applies with equal force to conduct in all such settings.

Sexual harassment may exist where compensation or other employment benefits are conditioned on granting sexual favors. Sexual harassment also may exist where there is a hostile work environment caused by unwanted sexual advances or unwanted visual, verbal or physical conduct of a sexual nature.

Unwelcome sexual advances, requests for sexual favors and other verbal or physical conduct of a sexual nature are sexual harassment when:

- submission to the conduct is made, either explicitly or implicitly, a term or condition of the individual's employment;
- submission to or rejection of the conduct by an individual is used as the basis for employment decisions affecting the individual; or
- the conduct has the purpose or effect of unreasonably interfering with the individual's work performance or creating an intimidating, hostile or offensive working environment.

Specific Examples of Inappropriate Work-Related Conduct

The following are examples of things you may not do, but the list is not exhaustive. Viacom expects all employees to observe the spirit as well as the letter of the harassment-free workplace policy. For example, you may not do any of the following:

- ask for dates, or make sexual advances, where it is clear, or becomes clear, that the overture is unwelcome;
- threaten or engage in retaliation after an overture or inappropriate conduct is rejected or in response to the reporting of such conduct;

IV. HARASSMENT- FREE WORKPLACE ENVIRONMENT (cont.)

- display sexually offensive or explicit objects, pictures, magazines, cartoons, screen-savers, or posters or engage in any other conduct that is likely to make people of a particular sex, race, religion, sexual orientation, or other protected class feel unwelcome, such as creating or forwarding suggestive or offensive jokes, cartoons, letters, notes, or invitations, whether transmitted by e-mail or otherwise;
- engage in any conduct of an overtly sexual nature, whether welcome or unwelcome;
- engage in inappropriate or threatening physical conduct, such as unwanted touching or impeding or blocking another person's movements;
- make inappropriate statements concerning a person's race, color, religion, national origin, disability, age or sexual orientation, or inappropriate statements of a sexual nature, such as comments about an individual's body or appearance or intrusive questions or comments.

Retaliation

Viacom prohibits retaliation for lodging complaints under the harassment-free workplace policy. Any such retaliation would be a separate violation of the policy.

Supervisor/Subordinate Relationships

Viacom recognizes that consenting romantic or sexual relationships may develop between a supervisor and a subordinate (whether such supervision is direct or indirect). These relationships frequently lead to complications and significant difficulties for the supervisor, the subordinate, others in the workplace and Viacom. If a consenting romantic or sexual relationship between a supervisor and a direct or indirect subordinate should develop, Viacom requires the supervisor to disclose this information to his or her Company's Human Resources department to ensure that there are no issues of actual or apparent favoritism, conflict of interest, sexual harassment or any other negative impact on others in the work environment.

Upon being informed or learning of the existence of such a relationship, Viacom will take steps that it deems appropriate to protect the workplace environment.

What to do if you have a Complaint

If you believe you have been subjected to conduct which you believe violates this policy, or if you are aware that such conduct is occurring, please refer to the Complaint and Investigation procedures in Section XII of this Statement. Viacom investigates all complaints about conduct which violates this harassment-free workplace environment policy.

**VIACOM
BUSINESS CONDUCT STATEMENT
EMPLOYEE CERTIFICATION**

In order to promote an ethical environment, Viacom requires that all employees complete and return this form. In many cases, simple disclosure is adequate to avoid an impermissible conflict of interest. Please note that all exceptions are to be listed, even if previously approved.

The word "Company" in this certification form refers to the business unit you work for, or Viacom if you work for Viacom's corporate offices. Each Viacom division has determined the amount that constitutes "minimal value" for purpose of this Statement. Please contact a Human Resources Representative if you have a question about this or any other aspect of this certification form.

Employee Certification:

I certify that I have received, read and understood, the Viacom Business Conduct Statement and I agree to follow the policies set forth therein. I also certify that, except as noted below, neither I nor any member of my immediate family, living with me, or who is dependent upon me has, within the last two years, to the best of my knowledge:

- Accepted fees, commissions, or any other personal benefit (other than regular salary, bonus, and Company benefits or as provided in the next paragraph) from any person or business involved in any transaction with the Company.
- Accepted any entertainment, gift, transportation, or other favor of more than minimal value, or cash in any amount, from a current or would-be supplier, customer or competitor of the Company.
- Had a financial interest in customers, suppliers, competitors or any enterprise that was known to have a business relationship with the Company, except where that financial interest is limited to 1% or less of a publicly held company.
- Borrowed from or lent to customers or suppliers (or, other than in occasional nominal amounts, fellow employees) except for normal banking transactions with financial institutions.
- Personally taken advantage of business opportunities that might be of interest to the Company.
- Engaged in business with, or as, a competitor, customer, or supplier of the Company or had any other business transaction with the Company other than in the ordinary course of employment or in a regular consumer transaction.
- Served as an officer, director, agent, employee, consultant, promoter or in any other capacity for any for-profit organization.
- Had family members (including spouse, parents, domestic partner, children; or, to my knowledge, sisters, brothers, nephews and nieces either by blood or marriage) employed by the Company or a customer, supplier or competitor of the Company.

blockbuster
Operating Company

7/26/02

Date

Michelle Thompson
Name (Please Print)

029-54-3129
Social Security No.

DISTRICT LEADER
Title

Michelle Thompson
Signature

Exceptions (continue on additional pages if necessary)

Exhibit G

01.25.109

Human Resources Management



Policy Violations

Introduction

The following is a list of policy violations that may lead to corrective action. The violations are divided into three categories – A (most serious), B and C (less serious).

This list of violations is not meant to be all inclusive. Other violations, not listed, may lead to corrective action (including termination) at the discretion and good judgment of the supervisor.

Class A - Gross Violations

The Gross Violations listed below are very serious and may be grounds for immediate termination:

Company Assets

- Theft of money, merchandise, equipment, information, reports, business practices, procedures, Company manuals and anything else that is property of Blockbuster.
- Borrowing from a cash drawer, store change fund, petty cash or bank deposit.
- Removal of Company property, including equipment and supplies.
- Removal or consumption of store inventory without purchase or rental.
- Failure to appropriately secure store assets, funds (money) or property. This includes, but is not limited to:
 - Failure to make safe drops on a timely basis.
 - Losing bank deposits.
 - Leaving the store safe open or not securely locking the safe when a Manager is not present.
 - Leaving the store unlocked outside of business hours or not setting the alarm.
 - Failure to make bank deposits according to Company policy.
- Failure to follow Company cash control policies.



01.25.110

*Human Resources Management**Policy Violations*

- Fraudulent or deceptive behavior, including, but not limited to:
 - Manipulation of inventory procedures such as "carrying" or padding inventory.
 - Falsification of any type records such as travel and entertainment expenses, time cards, etc.
 - Fraudulent use of Company charge accounts or Member information.
 - Use of Company postage or overnight mail services to send personal mail or packages without reimbursement.
 - Improper use of communication and information system. This includes, but is not limited to: POS system, customer database, payroll system, e-mail, pagers, and telephones. This also includes making personal long distance calls on Company telephones.
 - Reducing the price of merchandise to sell it to friends, family or to buy it oneself.
 - Coupon or refunds manipulation or abuse.
 - Giving unauthorized "deals" including credits, coupons, free product or other items to customers in order to make a sale.
 - Copying or distributing illegally copied, prerecorded videotapes, games, DVD's, etc.
- Alteration, manipulation, falsification, eradication or removal of Company forms, papers, reports or receipts. This includes, but is not limited to: inventory paperwork, security tapes, Membership Applications, Membership information, Employee Applications for Employment, Reference Check forms, Employee accounts, etc.
- Cashing personal checks for self or others at the store or obtaining cash advances from credit or debit cards.

Safety / Security

- Violation of "Weapons" Policy.
- Verbal or physical assault of an employee or customer.
- Gross negligence that endangers people or property.
- Compromising security systems such as store alarms, safes, etc.
- Violation of "Substance - Free Work Environment" Policy.
 - Sale of illegal drugs and/or alcoholic beverages on Company property or time.
 - Being "under the influence" at work or Company functions.

01.25.111

Human Resources Management

***Information***

- Violation of "BLOCKBUSTER Privacy Policy".
- Violation of "Disclosure of Information to Outside Parties" Policy.
- Violation of "Giving Personal Information about Current/Former Employees" Policy.
- Violation of "Giving Reference Information about Current/Former Employees or Others" Policy.

Policy Violations***Harassment / Discrimination***

- Violation of "Zero Tolerance For Harassment/Discrimination/Inappropriate Conduct" Policy, including but not limited to:
 - Harassment of any type.
 - Violation of "Equal Employment Opportunity" statement.
 - Discrimination based on an employee's age, color, disability, gender, marital status, national origin, race, religion, sexual orientation, veteran or military status or any other basis proscribed by applicable law.
 - Use of racial, ethnic or sexual slurs.
- Use of foul or abusive language in front of customers or employees.

Wage And Hour

- Wage and hour violations, including but not limited to:
 - Having employees work "off the clock".
 - Clocking in earlier or clocking out later than the employee was actually working.
 - Clocking in or out for another employee.
 - Improper editing of time cards.
 - Not following local or state laws regarding the permits for employment, scheduling times, amount of hours worked per day, breaks, or other requirements for minors (anyone under the age of 18 who is required to attend school).
 - Sleeping "on the clock".
- Being absent for a period of 3 consecutive shifts without prior notification and authorization.

01.25.112

*Human Resources Management****Policy Violations******Other***

- Failure to do proper reference checks.
- Violation of ethical standards of conduct as defined in, but not limited to, the "Blockbuster Employee Statement of Business Conduct".
- Aiding and abetting gross violations in the store, including, but not limited to:
 - Helping someone else violate a Blockbuster policy or procedure.
 - Allowing a violation happen.
 - Being aware of a Gross Violation and helping to cover it up and/or not reporting it.
- Refusal to cooperate in an investigation.
- Violation of the YOUTH RESTRICTED VIEWING Policy.
- Violation of "Street Date" agreements for new movie and game releases.
- Insubordination (outright refusal or failure to follow a reasonable order from a supervisor) or failure to follow a reasonable order from a supervisor (no outright refusal).
- Allowing any non-Blockbuster personnel, unscheduled vendor or any Blockbuster employee who is not on the clock, into the store outside of normal business hours or into unauthorized areas during normal business hours.
- Excessive customer complaints.

Class B - Major Violations

On the first occurrence of a Major Violation, an employee may be given a final written Corrective Action Record (CAR) and advised that a repetition of the violation (or a similar violation) may be grounds for immediate termination.

Note: If an employee is already on Progressive Discipline at the time another violation is committed, he or she may be subject to more stringent penalties even though the later violation is a different type from the earlier one.

Class B or Major Violations include:

- Negligent conduct that could endanger customers, employees or Blockbuster property and/or that puts Blockbuster in a position where it could be held liable for the employee's actions or consequences of the employee's actions. Examples include but not limited to:
 - Leaving employee paychecks unsecured.
 - Leaving broken glass on the floor.

01.25.113

Human Resources Management

***Policy Violations***

- Not cleaning up spills and/or not putting up Wet Floor signs.
- Creating a hazardous condition by leaving boxes, trash or other items in areas used by customers. Leaving cleaning supplies unattended or not returning them to the proper storage area, so children or other customers could be endangered.
- Violation of Employee "Smoking" Policy, such as smoking inside the store or near the front doors, taking extra "smoke breaks", etc.
- Violation of Employee "Product Familiarization" Policy.
- Violation of "Employee Purchase Discount Program" Policy, including:
 - Using the employee discount to buy Blockbuster merchandise for reimbursement by non-employees.
 - Using the employee discount to buy Blockbuster merchandise for resale.
- Loitering. (Except to pick up paychecks or make a purchase or rental, employees should not be "hanging around" the store when they are not on shift.).
- Violation of "No Unauthorized Soliciting" Policy.
- Failure to consistently meet standards of customer service.
- Returned check for employee purchase.
- Opening store late and/or closing store early without District Leader's permission.

Class C - Minor Violation

On the first occurrence of a Minor Violation, an employee may be given a verbal Corrective Action Notice (CAR). If there are further occurrences, the employee may receive one or more written warnings before termination.

Note: If an employee is already on Progressive Discipline at the time another violation is committed, he or she may be subject to more stringent penalties even though the later violation is a different type from the earlier one.

Minor Violations include:

- Unauthorized absenteeism.
- Tardiness, including late call-ins or return from breaks, as well as excessive delayed arrivals for scheduled shifts.
- Violation of dress code/grooming standards.

01.25.114

*Human Resources Management****Policy Violations***

- Unproductive use of time, including lounging or loafing on the clock, visiting with friends, making or taking excessive personal calls on Company time, sitting on the counters, etc.
- Failure to complete required training for which an employee was scheduled.
- Failure to set up required employee training on a timely basis.

***▲ Related References***

- See the "Progressive Corrective Action Process" in this tab for information on the procedure for dealing with employees who have violated policy.
- See "Separations" in this tab for handling employee terminations.
- See the different Human Resources Policies in the Human Resources Policies tab for detailed information on the Blockbuster policies.

Exhibit H

Employee Separation Form



This form must be used to remove an employee from payroll due to resignation or termination.
Do not use this form for any other payroll requests.

Last Name (Please Print) SMAMMATARO	First Name Derek	Middle Initial	Social Security Number (required) 013-66-4176
Corporate and DC Employees	Cost Center 84212	Location	Division/Department Name
Field Employees	Store #	City, State Woburn MA	Zone NEA Region 7

Voluntary Resignation - requires level 1 approval below

Separation Date (initially)	Separation Code (see back of form)	Recommended for Retain? <input type="checkbox"/> Yes <input type="checkbox"/> No (explain in "Comments" section)	Forwarding Address Given? <input type="checkbox"/> Yes (indicate in "Comments" section) <input type="checkbox"/> No	Vacation Days Earned (Regular and Overtime) 5 CARRY OVER	Vacation Days Used 0
-----------------------------	---------------------------------------	--	---	---	--------------------------------

Attention Supervisor: You should attach a letter of resignation from this employee. Was this done? No Yes

Involuntary Discharge - requires level 1, 2, 3 approval below

Separation Date (initially) 3/9/03	Separation Code (see back of form) JTH	Recommended for Retain? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (explain in "Comments" section)	Forwarding Address Given? <input type="checkbox"/> Yes (indicate in "Comments" section) <input checked="" type="checkbox"/> No	Vacation Days Earned (Regular and Overtime) 45 EARNED	Vacation Days Used 0
--	---	---	--	--	--------------------------------

Briefly describe the employee's behavior or performance that supports your decision to terminate: (attach additional sheets if needed)

Violation of Zero Tolerance for Harassment/Inappropriate conduct
Violation of Ethical Standards
Refusal to Cooperate in investigation

Has this employee received any previous corrective action(s) for this behavior or performance?			<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes - complete this section and attach related documents
Date (initially)	Type of corrective action (check one)	Summary	
	<input type="checkbox"/> verbal <input type="checkbox"/> written <input type="checkbox"/> final written	AIS	
	<input type="checkbox"/> verbal <input type="checkbox"/> written <input type="checkbox"/> final written	MAR 17-2003	
	<input type="checkbox"/> verbal <input type="checkbox"/> written <input type="checkbox"/> final written		

Have there been any other discussions or actions taken in PROGRESS OR IN PERFORMANCE PROBLEMS?			<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes - complete this section and attach related documents
Date (initially)	Summary		

Attention Supervisor: This involuntary discharge must be reviewed in advance by your Immediate Manager and Human Resources Manager. Indicate who reviewed your decision here:

Beth Neybert **3/5/03** **Jeff Martin** **3/3/03**

Comments

PAY thru 3/9/03			
------------------------	--	--	--

Level 1 approval	Immediate Supervisor Julie Shimmel	Print Name Julie Shimmel	Date 3/5/03
Level 2 approval	Immediate Supervisor's Manager Beth Neybert	Print Name Beth Neybert	Date 3/5/03
Level 3 approval	Human Resources Manager Beth Neybert	Print Name Beth Neybert	Date 3/5/03

Exhibit I

Personal & Confidential

To: Duane Densmore

From: Jay Wells

Cc: Beth Neybert, Human Resources Manager

Date: August 5, 2002

Re: Final Corrective Action – Failure to Follow Policy

Duane, as you are aware allegations of inappropriate behavior were made against you by several of your Store Managers. When questioned you stated that you did not recall the specific comments, but did admit to making comments that were inappropriate.

Duane, as a member of management it is your responsibility to lead by example, follow company policies and procedures and foster an environment that is free from harassment.

Upon completion of the investigation it has been determined that the following action will be taken:

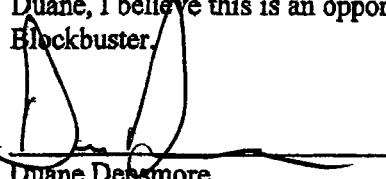
- Final Corrective Action/Sign-off on “Zero-Tolerance for Harassment Policy”

Blockbuster prohibits any form of retaliation against any employee who, in good faith participated in making a complaint or contributed to the investigation. Any retaliation towards these individuals will be grounds for further disciplinary action, up to and including termination.

Furthermore, in order to respect the privacy of all parties involved this complaint, investigation and resolution should not be discussed with any individuals other than the RDO, District Leader, Human Resources Manager or parties that have a “need to know” basis.

Duane, please understand that failure to abide by and/or execute the company's policy will result in disciplinary action, up to and including termination.

Additionally, at this time due to additional performance concerns, your responsibility has been reduced and you will be transferred to the Cambridge Store, as the Store Manager. Duane, I believe this is an opportunity for you to continue a successful career with Blockbuster.



Duane Densmore

Exhibit J

01.02.3

Human Resources Management



Equal Opportunity Employer

Blockbuster is an equal opportunity employer and is dedicated to complying with all applicable laws prohibiting discrimination. The Company will recruit and hire applicants without regard to age, color, disability, marital status, national origin, race, religion, sex, sexual orientation, veteran status or any other basis prohibited by law.

Further, all employment practices will be administered in the same manner as described above. These include, but are not limited to:

• Benefits	• Transfers
• Compensation	• Layoffs
• Corrective or disciplinary action	• Terminations
• Company-sponsored training, education, tuition assistance	• Social and recreational programs
• Promotions	

The Company views the principle of equal opportunity as a vital element in the employment process and as a part of good management practices.

All levels of management are responsible for assuring equal employment opportunity. All managers and supervisory personnel are charged with making a personal commitment to use and enforce the principles of this policy.

It is the Company's strong desire that this equal employment opportunity policy be carried out in fact as well as spirit. Full cooperation and commitment to this policy is expected and required from all Blockbuster employees.